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BEFORE THE STATE AUDITOR
COMMISSIONER OF SECURITIES AND INSURANCE
STATE OF MONTANA

<p>IN THE MATTER OF:</p> <p>ROBERT ROSS KOOSTRA, Individually and in his capacity as Senior Account Executive for FIRST FIDELITY FINANCIAL GROUP OF CENTRAL MONTANA LLC; and BRIAN KELLER, Individually and in his capacity as a registered agent for FIDELITY FIRST FINANCIAL GROUP LLC;</p> <p>FIRST FIDELITY FINANCIAL GROUP OF CENTRAL MONTANA LLC; and</p> <p>FIDELITY FIRST FINANCIAL GROUP LLC,</p> <p>Respondent.</p>	<p>CASE NO.: SEC-2009-56</p> <p>NOTICE OF PROPOSED AGENCY ACTION AND OPPORTUNITY FOR HEARING</p>
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Staff of the Securities Department (Department) of the office of the State Auditor as Commissioner of Securities of the state of Montana (Commissioner), pursuant to the authority of the Securities Act of Montana, Section 30-10-101, *et seq.*, Montana Code Annotated (2007) (MCA), is proposing to the Commissioner that she take specific action against ROBERT ROSS KOOSTRA (Koostra), FIRST FIDELITY FINANCIAL GROUP OF CENTRAL MONTANA

LLC (FFFG-CM), having its principal place of business at 1601 2nd Ave. North, #634, Great Falls, MT, 59401; BRIAN KELLER (Keller), and FIDELITY FIRST FINANCIAL GROUP LLC (FFFG) 702 Citrus CT. Largo, FL 33770; as identified above for violations of the Montana Securities Act. The Commissioner has authority to take such action under the provisions of §§ 30-10-102, 30-10-107, 30-10-201, 30-10-301, 30-10-304, 30-10-305, and 30-10-309, MCA.

In particular, the Department's staff recommends specific action against Koostra, FFFGCM, Keller, and FFG, including imposition of appropriate fines, appropriate restitution with interest, and revocation or suspension of their respective registrations pursuant to the provisions of the Montana Securities Act.

Service of process is pursuant to § 30-10-107 (8), MCA.

There is probable cause to believe that the following facts, if true, justify and support such specific action.

ALLEGATIONS

1. During the week of July 20-24, 2009, the Montana Securities Department (Department) received at least six telephone calls from people in the Great Falls vicinity inquiring about an advertisement in the Great Falls Tribune offering a 3-month certificate of deposit for 4.21% APY. Callers were checking to see if Koostra and FFFG-CM were licensed with the Department to offer and sell CDs and were also wondering how a 3-month CD could be paying such a high rate of interest when local banks were paying less than 1% for 3-month term CDs.

2. Koostra conducts business at 1601 2nd Avenue North, #634, Great Falls, MT 59401. He is the registered agent for FFFG-CM. Koostra is licensed with the Montana Insurance Department and is authorized to conduct fixed annuity business through Allianz Life,

Insurance Company of North America, Equitable Life and Casualty Insurance Company, Genworth Life Insurance Company, Investors Insurance Corporation, OM Financial Life Insurance Company and Washington National Insurance Company.

3. Koostra is not licensed in any capacity with the Montana Securities Division.

4. First Fidelity Financial Group of Central Montana LLC is located at 1601 2nd Avenue North, #634, Great Falls, Montana 59601, phone (406) 952-0409. The registered agent is Robert Koostra. FFFG-CM first filed with the Montana Secretary of State on February 10, 2009 and it is licensed for any lawful business.

5. FFFG-CM is not licensed in any capacity with the Montana Securities Division.

6. The Department obtained a copy of the advertisement and contacted Robert Koostra who is identified in the ad as a "Senior Account Executive" for FFFG-CM. The Department spoke with Koostra via telephone on July 24, 2009, and explained to him that a certificate of deposit is a security pursuant to the Montana Securities Act and asked him to identify the exemption from registration he was relying on for the offer and sale of the certificates of deposit.

7. Koostra told the Department that he does not sell certificates of deposit.

8. He told the Department he uses the CD advertisement to "lure" people into purchasing the annuities he has available. Koostra told the Department that no one has ever lost even a dime from investing in annuities. When asked by the Department if any banks in the country were paying 4.21% on a 3-month certificate of deposit, Koostra told the Department that there are no FDIC-insured banks in this country offering a 4%+ rate 3-month term certificate of deposit.

9. The Department is unable to locate any FDIC insured bank in the United States paying this rate on a 3-month term certificate of deposit. A review of the records of the State

Auditor's database indicates no 3-month term 4.0 %+ 3-month term certificates of deposit are registered.

10. FFFG-CM has run CD advertisements in the Great Falls Tribune on the following dates:

Advertisement	Dates	Rate
#1	6/12, 6/13 and 6/14/2009	4.01%
#2	6/19, 6/20 and 6/21/2009	4.01%
#3	6/24, 6/26 and 6/28/2009	3.79%
#4	7/2, 7/3 and 7/5/2009	3.79%
#5	7/8, 7/10, and 7/12/2009	4.21%
#6	7/15, 7/17 and 7/19/2009	4.21%
#7	Fair Parking A	Unknown
#8	7/22, 7/24 and 7/26/2009	4.21%
#9	Fair Parking A	unknown
#10	7/29, 7/31 and 8/2/2009	4.11%

11. Its current advertisement is entitled "and this little piggy went to First Fidelity. FDIC Insured Bank CD's 4.11% A.P.Y. 3 month term. The fine print to the ad discusses FDIC insurance and includes a statement that First Fidelity Financial Group is not a state or federally insured financial institution. It also includes a statement that a promotional incentive may be included to obtain yield.

12. Koostra told the Department that when people come to see him and want to purchase a CD, he gets out his check book and writes them a check for the difference between 4.21% and the rate he can get them on the CD if they insist on purchasing one.

13. A review of the information obtained from the examination of Koostra's office indicates he has offered and sold certificates of deposit to investors as follows:

Date	Investor	Amount Invested	Amount paid to CD investor by Koostra	Comments
6/26/2009	Investor 1	\$10,000	\$ 59.75 via check #4877	Advertised rate 3.79%; Ally Bank rate 1.4%; difference between rates 2.39%
6/26/2009	Investor 2	\$10,000	\$63.50 via check #4682	Advertised rate 3.79%; Ally Bank rate 1.25%; difference between rates 2.51%
7/11/2009	Investor 3	\$10,000	\$77.75 via check #4906	No additional information available
7/13/2009	Investor 4	\$2,050	\$15.94 via check #4905	No additional information available
7/14/2009	Investor 5	\$5,000	\$38.88 via check #4907	Advertised rate 4.21%; Ally Bank rate 1.10%; difference between rates 3.11%

14. Koostra completes the CD paperwork for clients, signs the documents as a "Senior Account Executive" on the documents, and then sends the paperwork to Ally Bank, P.O. Box 951, Horshan, PA 19044, phone 866-246-2265.

15. Koostra rebated these CD investors with personal checks from his account entitled Bob or Janet Koostra, BK & Associates #3052891 at Montana Federal Credit Union.

16. Koostra told the Department that First Fidelity Financial Group has 125 offices located throughout the country, that it puts together the advertisements he uses and that its attorney, Dick Horne, says the advertisements are completely legal. Koostra also told investigators for the agency that he was trained by FFFG in both Arkansas and Nevada.

17. First Fidelity Financial Group is domiciled in Largo, Florida. Its primary principal is Brian Keller.

18. Neither FFFG nor Keller is licensed in any capacity with the Montana Securities Division.

CONCLUSIONS OF LAW

1. Pursuant to § 30-10-103(22), MCA, the definition of a security includes a "certificate of deposit." The certificates of deposit offered by Koostra are securities.

2. It is unlawful for any person to transact business in Montana as a broker-dealer or salesperson pursuant to § 30-10-201(1), MCA, except as provided in § 30-10-105, unless the salesperson is registered.

3. Koostra appears to have violated § 30-10-201(1), MCA when he solicited investors to purchase a 3-month term certificates of deposit paying 4.21% APY without proper registration with the Department as a salesperson.

4. Pursuant to § 30-10-201(13)(g), MCA, the commissioner may deny, suspend or revoke registration of any broker-dealer, salesperson...if the individual "has engaged in dishonest or unethical practices in the securities business." ARM 6.10.401 outlines specific prohibited fraudulent and unethical practices.

5. Koostra appears to have violated § 30-10-201(13)(g), MCA and ARM 6.10.401(2)(d) when he wrote checks to five certificate-of-deposit investors to make up the

difference between the actual yield the bank was paying on a 3-month term certificate of deposit and the 4.21% APY yield he is advertising and representing.

6. Koostra appears to have violated § 30-10-201(13)(g), MCA and ARM 6.10.401(2)(g) when he engaged in the deceptive practice of advertising a fictitious certificate of deposit in the Great Falls Tribune for the purpose of luring investors into his office so he could sell them an annuity.

7. Pursuant to § 30-10-202, MCA, "it is unlawful for any person to offer or sell any security in this state, except securities exempt under § 30-10-104 or when sold in transactions exempt under § 30-10-105 unless the security is registered by notification, coordination or qualification under parts 1 through 3 of this chapter."

8. Koostra appears to have violated § 30-10-202, MCA, when he offered and sold 3-month term certificates of deposit paying 4.21% when no FDIC insured bank in this country has such CDs available and no such CDs are registered with the Department.

9. Pursuant to § 30-10-301(1)(b), MCA, it is unlawful for any person, in connection with the offer, sale or purchase of any security in, into, or from this state to "make any untrue statement of material fact or omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which they are made, not misleading."

10. Koostra appears to have violated § 30-10-301(1)(b), MCA when he made untrue statements or omitted material facts by soliciting investors to purchase certificates of deposit through an advertisement he placed in the Great Falls Tribune of a 3-month term certificate of deposit paying 4.21% APY when no such certificate of deposit exists.

11. Koostra appears to have violated § 30-10-301(1)(b), MCA when he made untrue statements or omitted material facts by soliciting investors to purchase certificates of deposits when he was not properly licensed to do so.

12. Pursuant to § 30-10-301(1)(c), MCA, it is unlawful for any person, in connection with the offer, sale or purchase of any security in, into, or from this state to engage in any act, practice or course of business that operates or would operate as a fraud or deceit upon any person.”

13. Koostra appears to have violated § 30-10-301(1)(c) MCA when he engaged in an act, practice or course of business that operates as a fraud or deceit by advertising and offering a 3-month term certificate of deposit paying 4.21% APY to investors when no such certificate of deposit exists for the purpose of enticing investors to come to his office so he could sell them a fixed annuity.

Violations by First Fidelity Financial Group of Central Montana LLC

14. Pursuant to § 30-10-201(1), MCA, “it is unlawful for a person to transact business in this state as a broker-dealer or salesperson, except as provided in §30-10-105, unless the salesperson is registered under parts 1 through 3 of this chapter.”

15. First Fidelity Financial Group of Central Montana LLC appears to have violated § 30-10-201(1), MCA when it solicited investors, through its agent Koostra, to purchase a 3-month term certificates of deposit paying 4.21% APY without proper registration with the Department as a broker-dealer.

16. Pursuant to § 30-10-201(13)(g), MCA, the commissioner may deny, suspend or revoke registration of any broker-dealer, salesperson...if the individual ”has engaged in

dishonest or unethical practices in the securities business.” ARM 6.10.401 outlines specific prohibited fraudulent and unethical practices.

17. First Fidelity Financial Group of Central Montana LLC appears to have violated § 30-10-201(13)(g), MCA and ARM 6.10.401(2)(d) when its agent, Robert Koostra, wrote checks to five certificate-of-deposit investors to make up the difference between the actual yield the bank was paying on a 3-month term certificates of deposit and the 4.21% APY yield it was advertising.

18. First Fidelity Financial Group of Central Montana LLC appears to have violated § 30-10-201(13)(g), MCA and ARM 6.10.401(1)(p)(ii) when it used sales material or sales presentations in a deceptive or misleading fashion.

19. Pursuant to § 30-10-301(1)(b), MCA, it is unlawful for any person, in connection with the offer, sale or purchase of any security in, into, or from this state to “make any untrue statement of material fact or omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which they are made, not misleading.”

20. First Fidelity Financial Group of Central Montana LLC appears to have violated § 30-10-301(1)(b), MCA when it made untrue statements or omitted material facts by soliciting investors to purchase certificates of deposit through an advertisement it placed in the Great Falls Tribune for a 3-month term certificate of deposit paying 4.21% APY when no such certificate of deposit exists.

21. First Fidelity Financial Group of Central Montana LLC appears to have violated § 30-10-301(1)(b), MCA when it made untrue statements or omitted material facts by soliciting investors to purchase certificates of deposits when it was not properly licensed to do so.

22. Pursuant to § 30-10-301(1)(c), MCA, it is unlawful for any person, in connection with the offer, sale or purchase of any security in, into, or from this state to engage in any act, practice or course of business that operates or would operate as a fraud or deceit upon any person.

23. First Fidelity Financial Group of Central Montana LLC appears to have violated § 30-10-301(1)(c) MCA when it engaged in an act, practice or course of business that operates as a fraud or deceit by advertising and offering a 3-month term certificate of deposit paying 4.21% APY to investors when no such certificate of deposit exists for the purpose of enticing investors to purchase a fixed annuity.

Violations by First Fidelity Financial Group and Brian Keller

24. The provisions of § 30-10-301 and Section § 30-10-305 apply to “any person” who violates those provisions. The provisions of § 30-10-103(16), MCA include in the definition of “person” both an individual and a corporation. The provisions of § 30-10-307(2), MCA provide guidance with respect to the definition of “control persons” as applying to those who “knew, or in the exercise of reasonable care could have known, of the existence of the facts” leading to the violations, and provides that such persons are jointly and severally liable for those violations. Additionally, § 30-10-321, MCA provides that “for purposes of any action brought by the commissioner under § 30-10-304, § 30-10-305, § 30-10-306, or for violations of § 30-10-301 through § 30-10-303, MCA, any persons who knowingly provided substantial assistance to any person in violation of a provision of this part of any rule or regulation issued under this part must be considered to be in violation of that provision to the same extent as the person to whom the assistance is provided.”

25. If First Fidelity Financial USA and Brian Keller trained Robert Koostra on the methods of "baiting and switching" certificates of deposits with annuities and if they designed and provided him with the advertisements he is running in local newspapers for fictitious certificates of deposits as a lure to get new clients and if they were aware that Robert Koostra was advertising and selling bogus certificates of deposits or other unregistered securities for the purpose of enticing his customers to purchase annuities, they may have substantially assisted Koostra in his fraudulent and prohibited practices and, therefore, appear to have violated § 30-10-301, MCA, to the same extent as Koostra.

PUBLIC INTEREST

For any and all of the reasons set forth above, it is in the public interest and will protect Montana investors to:

1. Issue a cease and desist order barring Respondents from further violations of the Act;
2. Order Respondents to pay administrative fines in an amount and upon such terms and conditions as supported by the evidence and determined at hearing of this matter;
3. Order Respondents to pay restitution to the Complainants, including the statutory 10% interest from the date of the wrong-doing; and
4. Take such other actions which may be in the public interest and necessary and appropriate for the protection of Montana investors.

RELIEF SOUGHT

1. Order Respondents to pay fines not to exceed \$5,000 for each identifiable violation of § 30-10-201, MCA pursuant to § 30-10-305, MCA;
2. Order Respondents to pay fines not to exceed \$5,000 for each identifiable violation of § 30-10-201(1), MCA pursuant to § 30-10-305, MCA;

3. Order Respondents to pay fines not to exceed \$5,000 for each identifiable violation of § 30-10-201(13)(g), MCA pursuant to § 30-10-305, MCA;
4. Order Respondents to pay fines not to exceed \$5,000 for each identifiable violation of § 30-10-201(13)(g), MCA and ARM 6.10.401(2)(d) pursuant to § 30-10-305, MCA;
5. Order Respondents to pay fines not to exceed \$5,000 for each identifiable violation of § 30-10-201, MCA and ARM 6.10.401(1)(p)(ii) pursuant to § 30-10-305, MCA;
6. Order Respondents to pay fines not to exceed \$5,000 for each identifiable violation of § 30-10-202, MCA pursuant to § 30-10-305, MCA;
7. Order Respondents to pay fines not to exceed \$5,000 for each identifiable violation of § 30-10-301, MCA pursuant to § 30-10-305, MCA;
8. Order Respondents to pay fines not to exceed \$5,000 for each identifiable violation of § 30-10-301(1)(b), MCA pursuant to § 30-10-305, MCA;
9. Order Respondents to pay fines not to exceed \$5,000 for each identifiable violation of § 30-10-301(1)(c), MCA pursuant to § 30-10-305, MCA;
10. Order Respondents to pay fines not to exceed \$5,000 for each identifiable violation of § 30-10-201(1), MCA pursuant to § 30-10-305, MCA;

STATEMENT OF RIGHTS

You are entitled to a hearing to respond to this notice, present evidence and arguments on all issues involved in this case. You have a right to be represented by an attorney at any and all stages of this proceeding. You may demand a formal hearing before a hearing examiner appointed by the Commissioner pursuant to the Montana Administrative Procedure Act, §§ 2-4-601, MCA, et seq. including § 2-4-631, MCA. If you demand a hearing, you will be given notice of the time, place and the nature of the hearing.

If you want to contest the proposed action under the jurisdiction of the Commissioner, you must advise the Commissioner within 15 days of the date you receive this notice. You must advise the Commissioner of your intent to contest the proposed action by writing to Russell, Wheat, Attorney for the Commissioner, State Auditor's Office, 840 Helena Avenue, Helena, MT 59601. Your letter must clearly indicate whether you demand a hearing or whether you waive formal proceedings and, if so, what informal proceedings you prefer for disposition of this case. Pursuant to § 2-4-603(2), MCA, you may not request to proceed informally if the action could result in suspension, revocation or any other adverse action against a professional license. Should you request a hearing on the matters raised in this Notice, a hearing must be held within 45 days of the request, unless postponed by mutual consent of the parties pursuant to § 33-1-701 (2), MCA.

Should you request a hearing, you have the right to be accompanied, represented and advised by counsel. If the counsel you choose has not been admitted to the practice of law in the State of Montana, he or she must comply with the requirements of *Application of American Smelting and Refining, Co.*, 164 Mont. 139, 520 P.2d 103 (1973) and *Mont. Supreme Court Comm'n on the Unauthorized Practice of Law v. O'Neil* (2006), 2006 MT 284, 334 Mont. 311, 146 P.3d 200.

CONTACT WITH SECURITIES COMMISSIONER'S OFFICE

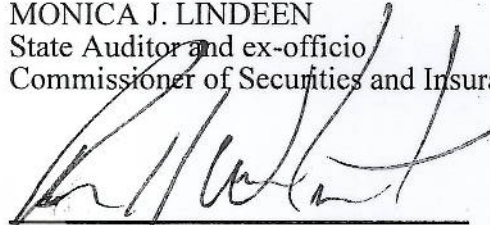
If you have questions or wish to discuss this matter, please contact Russell Wheat, Attorney for the Commissioner, at 840 Helena Avenue, Helena, MT, 59601, (406) 444-2040 or within Montana, (800) 332-6148. If an attorney represents you, please make any contacts with this office through your attorney.

POSSIBILITY OF DEFAULT

Failure to give notice or to advise of your demand for a hearing or informal procedure within 15 days will result in the entry of a default order imposing the disciplinary sanctions against you and your license, without further notice to you, pursuant to 6.2.101, ARM and the Attorney General's Model Rule 10, 1.3.214.

DATED this 7th day of August, 2009.

MONICA J. LINDEEN
State Auditor and ex-officio
Commissioner of Securities and Insurance



Russell Wheat
Attorney for the Commissioner

CERTIFICATE OF SERVICE

This is to certify that on this 7th day of August, 2009, a copy of the foregoing was served upon the following persons by depositing a copy of the action in the U.S. Mail, certified, return receipt requested, postage prepaid, addressed to:

First Fidelity Financial Group LLC
702 Citrus CT.
Largo, FL 33770

Brian R. Keller
101 Driftwood LN,
Largo, FL 33770-2631

